

FIXED ASSET REPORTING AND ACCOUNTING _____

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20 FIXED ASSET REPORTING AND ACCOUNTING

20.1 Fixed Asset Reporting and Accounting Overview

This section defines OSRAP's policies for reporting and accounting for fixed assets.

The three major classifications of fixed assets reported by the state are land, buildings and improvements, and movable property. Examples of items included in these three classifications are site improvements, improvements other than buildings, trailers, portable buildings, automobiles, furniture and fixtures, and equipment.

Fixed assets acquired by state agencies are reported at actual, or historical, cost in the Comprehensive Annual Financial Report for the State of Louisiana. Should the actual cost be unavailable, indexed cost is used. This is based upon current appraised value discounted by inflation to the actual construction or purchase date. These assets are tracked through the Statewide Land and Building System (SLABS).

Fixed assets of governmental fund types are accounted for in the general fixed asset account group; fixed assets acquired by proprietary funds and non-expendable trust funds are accounted for within those funds, not the general fixed assets account group.

Land cost includes the actual purchase price; any closing costs related to the act of sale; survey costs, if incurred; and the cost of preparing the land for its intended use. Costs incurred in preparing the land for its intended use include clearing, grading, and razing old buildings or structures (less salvage proceeds).

The cost for the purchase of an existing building includes the actual purchase price of the building; costs related to the act of sale; costs related to preparing the building for its intended use; and related architectural or engineering costs. In addition to the above, cost for portable buildings may include freight or transportation charges to move the building to site; charges to assemble the structure; and costs for running utility lines or conduits for electricity, water, sewer, etc.

Although the state incurs no cost for donated assets, these assets must be recorded in SLABS at fair market value. Fair market value is the appraised value at the date of donation.

Cost for buildings constructed by the state include architectural and engineering fees; testing; and actual construction cost. Only construction related costs are to be used. If the amount included in capital outlay projects includes items of movable property, those items are to be tagged and included in movable property inventory.

Any questions regarding whether or not specific costs related to fixed asset acquisitions should be capitalized should be referred to OSRAP.

20.1.1 Fixed Asset Reporting and Accounting Policies

The following policies apply to fixed asset reporting and accounting in ISIS:

- Fixed assets acquired by state agencies, whether by purchase, donation, or construction, are to be reported to the State Land Office for inclusion in the Statewide Land and Buildings System (SLABS). All structures at the site are to be included as Louisiana does not have a capitalization policy for fixed assets.
- Items of movable property are to be accounted for and reported according to standards established by the Louisiana Property Assistance Agency as defined by L.R.S. 39:321 et seq. Portable buildings and any type of trailers are to be tagged and reported as movable property. Generally, only those items over \$250.00 are capitalized.

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